

SENATE BILL REPORT

SHB 1214

As Reported By Senate Committee On:
Ways & Means, April 2, 2001

Title: An act relating to the composition and responsibilities of the employee retirement benefits board.

Brief Description: Clarifying certain administrative and investment duties of the department of retirement systems and the state investment board.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives H. Sommers, Lambert, Doumit and Delvin; by request of Joint Committee on Pension Policy).

Brief History:

Committee Activity: Ways & Means: 4/2/01 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Pete Cutler (786-7454)

Background: Legislation passed in 1995 created both the Employee Retirement Benefits Board (ERBB) and Teachers Retirement System (TRS) plan 3, a state-administered defined contribution retirement plan. Prior to 1996, the only defined contribution plan administered by the state was the Judicial Retirement Account, made available to judges who opted to join the Public Employees Retirement System (PERS). In 2000 a new School Employees' Retirement System (SERS) plan 3 was established, and a new PERS plan 3 was created, effective in March of 2002.

The ERBB originally had authority to select the Plan 3 and Deferred Compensation Plan (DCP) investment options. When trusteeship of the DCP was transferred to the State Investment Board (SIB), the ERBB statute was also amended to provide that trusteeship of the DCP funds be placed with the SIB, and that the SIB would select investment options, based on the advice of the ERBB.

The ERBB provides guidance to the SIB regarding plan 3 and DCP investment options, and selects, in coordination with DRS, the payment distribution options for TRS plan 3 and the DCP.

The ERBB includes 11 members appointed by the Governor: Three members each for the PERS, TRS, and SERS retirement systems, and two people with experience in defined contribution pension systems. The DRS director serves as the ERBB chair.

Summary of Bill: A DCP participant is added to the membership of the ERBB. Duplicative language from the DCP statute regarding treatment of deficiencies in the DCP fund is eliminated. The duties of the SIB and DRS with regard to DCP administration and investment are clarified, as are the duties of the SIB and DRS with regard to TRS plan 3, SERS plan 3, and PERS plan 3 administration and investment.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.